

Message Text

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ACTION PM-07

INFO OCT-01 EUR-25 NEA-14 ISO-00 SS-20 OMB-01 SP-03 MC-02

TRSE-00 EB-11 COME-00 IGA-02 AID-20 DRC-01 CIAE-00

INR-10 NSAE-00 RSC-01 L-03 /121 W

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R 111035Z MAY 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC 4742

INFO SECDEF WASHDC

USCINCEUR

USAMC

DA

AMEMBASSY NEW DELHI

C O N F I D E N T I A L ROME 6513

E.O. 11652: GDS

TAGS: MASS, IT, IN

SUBJECT: SALE OF ITALIAN M-113 A-1'S TO INDIA

REFS: A. CHMAAG ROME DTG 031100Z APR.

B. SEC DEF 1834, DTG 071638Z MAY.

1. REF A TRANSMITTED ITALIAN REQUEST FOR U.S. PERMISSION TO SELL 200 M113 A-1 APC'S TO INDIA. APC'S ARE MANUFACTURED BY ITALIAN FIRM OF OTO MELARA UNDER U.S. LICENSE. REF B. QUOTED DEPARTMENT'S GUIDANCE TO DEFENSE, WHICH STATED THAT USG COULD NOT GRANT REQUESTED PERMISSION BECAUSE OF PROVISIONS OF SEC. 13(C) OF FOREIGN MILITARY SALES ACT.

2. AS DEPARTMENT IS AWARE, THE QUESTION OF THIRD COUNTRY SALES OF ITALIAN-MADE APC'S HAS BECOME A SERIOUS POLITICAL ISSUE HERE IN THE PAST TWO YEARS. MOST RECENTLY, THE ITALIAN REQUEST FOR AUTHORIZATION TO SELL 150 M113'S TO LIBYA HAS INVOLVED PERSONAL INTERVENTIONS BY THE PRIME MINISTER AND RESPONSIBLE OFFICIALS IN THE FOREIGN OFFICE AND THE MINISTRY OF DEFENSE. OUR REFUSAL TO DATE TO AUTHORIZE THIS SALE HAS NOT

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ADVANCED OUR BILATERAL POLITICAL RELATIONS WITH ITALY. IN THE

CASE OF LIBYA, HOWEVER, THE ITALIANS, WHILE NOT AGREEING WITH US, RECOGNIZE OUR POLITICAL IMPERATIVES, AND HAVE BEEN PATIENTLY AWAITING A "CLARIFICATION" OF THE MIDDLE EAST SITUATION.

3. IN THE CASE BEFORE US, INVOLVING INDIA, WE ARE CERTAIN THAT THE GOI WILL FIND IT INCOMPREHENSIBLE THAT WE ARE TURNING THEM DOWN AGAIN ON GROUNDS THAT WILL APPEAR TO THEM TO BE EXCESSIVELY LEGALISTIC IN THE FACE OF THE MOST SERIOUS ECONOMIC CRISIS CONFRONTING ITALY SINCE THE 1940'S -- A BUDGET DEFICIT TRANSLATED INTO U.S. TERMS OF OVER \$100 MILLION A YEAR AND A BALANCE OF PAYMENTS DEFICIT RUNNING ON THE ORDER OF \$1 BILLION PER MONTH. THIS SALE, ONE MIGHT ARGUE, WOULD BE A DROP IN THE BUCKET (\$10 MILLION), BUT THAT IS NOT THE POINT. THE ITALIANS WILL INTERPRET OUR DECISION IN A POLITICAL CONTEXT AND, IF IT IS NEGATIVE, WILL DRAW CERTAIN CONCLUSIONS, UNWARRANTED THOUGH THEY MAY BE, ABOUT THE IMPORTANCE THE U.S. ATTACHES TO ASSISTING AN ALLY. THE DELICACY OF THE SOUTH ASIAN SITUATION WILL NOT BE A PERSUASIVE JUSTIFICATION, NOT WILL OUR CITING LEGISLATIVE RESTRICTIONS.

4. IF THE CRUX OF THE PROBLEM IS THAT THE M113'S ARE CONSIDERED LETHAL BECAUSE THEY ARE MOUNTED WITH .50 CAL. MACHINE GUNS, WE RECOMMEND THAT APPROVAL BE GRANTED WITH THE PROVISIO THAT THEY MUST BE DELIVERED WITHOUT THESE MACHINE GUNS. WE WOULD HOPE THAT UNARMED M113'S COULD BE REGARDED AS NON-LETHAL AND HENCE ELIGIBLE FOR DELIVERY TO INDIA UNDER OUR CURRENT POLICY. IN THIS EVENT, SECT. 3(C) OF THE FMS ACT WOULD NOT APPLY.

5. IN VIEW OF THE FOREGOING, WE STRONGLY RECOMMEND THAT DEPARTMENT RECONSIDER THE GUIDANCE TRANSMITTED IN REF B AND VIEW THE ITALIAN REQUEST IN THE BROADER POLITICO-ECONOMIC FRAMEWORK. PENDING THIS RECONSIDERATION, WE HAVE INSTRUCTED THE MAAG TO REFRAIN FROM INFORMING ITALIAN MINISTRY OF DEFENSE OF THE DECISION TRANSMITTED BY REF B.VOLPE

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